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C O N F I D E N T I A L ALGIERS 000111

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E.O. 12958: DECL: 02/08/2020
TAGS: [PGOV](#) [ENRG](#) [ECON](#) [ETRD](#) [KCRM](#) [PINS](#) [AG](#)
SUBJECT: ALGERIA: DIRECTORS OF NATIONAL OIL COMPANY
INVESTIGATED FOR CORRUPTION

Classified By: Ambassador David D. Pearce. Reasons: 1.4 (b), (d)

Summary

[11](#). (C/NF) Eight directors, including the CEO, of Algeria's national oil company Sonatrach are under investigation for corruption and have been the uncertainty. End summary.

Eight Senior Officials Implicated

[12](#). (U) A corruption scandal has broken involving Algeria's largest company, the state oil and gas monopoly Sonatrach. The press first reported were questioned for twenty hours.

[13](#). (U) All eight Sonatrach officials were then placed under formal investigation ("judicial control") which requires a person to report periodic judicial control. Four Sonatrach directors (for social affairs, exploration, pipelines and transport, and commercialization) were placed under contracts were awarded. All efforts by defense lawyers to lift the detentions and judicial control have been rejected. Outside Sonatrach, form

[14](#). (U) Abdelhafid Feghouli, VP for downstream operations, was immediately appointed acting Sonatrach CEO. The three other VPs under suspicion

Foreign Producers Worried

[15](#). (C/NF) Ambassador on January 27 met XXXXXXXXXXXX. Meziane XXXXXXXXXXXX sources tell him the issue under investigation is Sonatrach's grant

[16](#). (C/NF) XXXXXXXXXXXX had heard that 1,600 such contracts were under investigation. Some of these contracts reportedly went through Meziane's sons. A few years earlier, Sonatrach had pressured Anadarko to e

[17](#). (C/NF) XXXXXXXXXXXX noted that Abdelhafid Ferghouli, former VP for downstream operations now appointed interim CEO, is the one (now former)

Continuity of Sonatrach Operations

[18](#). (C/NF) Energy/Mines Minister Khelil's Jan. 17 assurances that company operations would be unaffected have not gone unchallenged. Several the upstream end of operations he is familiar with, are looking over their shoulders and afraid to make decisions or sign anything. The compar

Leading Role of Algeria's Intelligence Services

[19](#). (C) All papers report that Algeria's equivalent to the DNI, the Departement du Renseignement et de la Securite (DRS), which is no longer ur as the Boumedienne era). The magazine "Jeune Afrique" recently claimed, for example, that DRS had investigated 1650 elected Algerian local off

Political Ramifications

[110](#). (C/NF) XXXXXXXXXXXX noted that no one believe Energy/Mines Minister Khelil's claims to know nothing of the investigation. Most believe Khelil exercised a guiding hand over Sonatrach operations. XXXXX residence in Lugano, Switzerland.

[111](#). (C) Ambassador noted that Algiers is swirling with speculation about the political background of this and other scandals affecting several high-level Sonatrach officials -- who all owed their jobs to Bouteflika-confidant Khelil -- as the military's retaliation via the DRS against t

Comment

[112](#). (C) The investigation against the leadership of the company that finances over half the country's budget and produces 98 percent of its ex Sonatrach VP January 30 in the French language daily "El Watan." That article urged the DRS to look into a long list of much large Sonatrach c

[113](#). (C) This case is the latest in a series of corruption investigations that started to surface with increasing frequency since last spring a of the East-West Highway and in the awarding of fishing licenses to Turkish companies. Others involve state-controlled telephone operator Alge harden the widespread view that leading public officials continue to enrich themselves with impunity at public expense. With DRS "commissars" files, already swollen with decades of political and personal financial dirt on practically all notable Algerians, are said to be growing fatte